

Message Text

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INFO OCT-01 ARA-11 EUR-25 EA-11 ADP-00 SSO-00 NSCE-00

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FRB-02 H-02 INR-10 L-03 LAB-06 NSAE-00 NSC-10 PA-03

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INFORM CONSULS

C O R R E C T E D COPY (TEXT LINE 10, SUBPARA II)

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TAGS: EAGR, ETRD, EGEN

SUBJ: SYSTEM OF EXPORT CONTROLS ON SOYBEANS AND
COTTONSEEDS ANNOUNCED

1. FOLLOWING IS TEXT OF BACKGROUND INFORMATION PROVIDED
BY THE DEPARTMENT OF COMMERCE AT 3:30 P. M. TODAY (JULY 2),
WASHINGTON TIME, REGARDING THE NEW EXPORT CONTROL SYSTEM
ON SOYBEANS, SOYBEAN MEAL, COTTONSEED AND COTTONSEED MEAL.
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BEGIN TEXT. I. METHODOLOGY

THE OBJECTIVE OF THE EXPORT CONTROL SYSTEM ANNOUNCED TODAY IS TO ENSURE ADEQUATE DOMESTIC SUPPLIES AND REDUCE CURRENT DOMESTIC PRICES WITH A MINIMUM DISRUPTION OF FOREIGN CONTRACTS.

THE NEED FOR LICENSING CONTROLS WAS LARGELY DETERMINED ON THE BASIS OF THE JUNE 13, 1973, REPORTS OF ANTICIPATED EXPORTS OF SOYBEANS, SOYBEAN OIL- CAKE AND MEAL, COTTONSEED AND COTTONSEED OIL- CAKES AND MEAL. THESE REPORTS REVEALED TIGHT SUPPLIES OF SOYBEANS, COTTONSEED, AND CERTAIN RELATED PRODUCTS FOR THE DURATION OF THE RESPECTIVE 1972 CROP YEARS. THE NECESSITY OF CONTINUED CONTROLS AFTER THE FALL HARVEST WILL DEPEND ON THE SIZE OF THE HARVEST, LEVEL OF EXPORT DEMAND, AND THE LEVEL OF PRICES IN THE UNITED STATES.

THE EXPORT CEILINGS ON THESE COMMODITIES FOR THE REMAINDER OF THE RESPECTIVE CROP YEARS WERE DETERMINED BY SUBTRACTING DOMESTIC SUPPLY REQUIREMENTS FROM AVAILABLE INVENTORIES FOR THE PERIOD JUNE 13, 1973, THE TO THE END OF THE RESPECTIVE CROP YEARS. THE RESULTING FIGURE, REPRESENTING SUPPLIES AVAILABLE FOR EXPORT, WAS ADJUSTED ON THE BASIS OF DEPARTMENT OF AGRICULTURE EXPORTS AND VERIFICATION TO REFLECT SHIPMENTS MADE BETWEEN JUNE 13, 1973, AND THE APPLICATION OF THE EMBARGO ON JUNE 27, 1973. THE ADJUSTED FIGURE YIELDS AVAILABLE SUPPLIES FOR EXPORT OR " EXPORT CEILINGS" FOR THE REMAINDER OF THE RESPECTIVE CROP YEARS.

BASED ON THE JUNE 13, 1973 REPORTS, AND SUBSEQUENT AUDIT AND VERIFICATION BY DEPARTMENT OF AGRICULTURE SPECIALISTS, ANTICIPATED EXPORT SALES EXCEED THE AMOUNT OF AVAILABLE SUPPLIES FOR EXPORT FOR THE REMAINDER OF THE 1972 CROP YEARS. THE RATIO OF AVAILABLE SUPPLIES TO OUTSTANDING SALES CONTRACTS YIELDS A PERCENTAGE BY WHICH OUTSTANDING CONTRACTS ARE PERMISSIBLE. THE PERCENTAGE HAS BEEN DETERMINED TO BE 50 PERCENT FOR SOYBEANS AND 40 PERCENT FOR SOYBEAN MEAL AND OIL- CAKE. THESE PERCENTAGES WILL BE APPLIED TO EACH

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UNFILLED CONTRACT EXISTING ON JUNE 13, 1973, TO DETERMINE THE ALLOWABLE EXPORT VOLUME.

II. LICENSING SYSTEM

THE ACTUAL LICENSING SYSTEM BEING INTRODUCED WILL OPERATE IN THE FOLLOWING MANNER. ANY EXPORTER WHO

HOLDS AN OUTSTANDING CONTRACT FOR THE DELIVERY TO A FOREIGN FIRM OF EITHER SOYBEANS OR SOYBEAN OIL- CAKES AND MEAL THAT WAS ACCEPTED ON OR BEFORE JUNE 13, 1973 AND THAT CALLS FOR DELIVERY DURING THIS CROP YEAR (THE CROP YEAR FOR SOYBEANS ENDS ON AUGUST 31 AND FOR SOYBEAN OIL- CAKES AND MEAL ON SEPTEMBER 30) IS ELIGIBLE TO FILE AN EXPORT LICENSE APPLICATION FOR THE GOODS COVERED BY THE CONTRACT AND AS YET UNSHIPED. THE

APPLICATION, WHEN FILED MUST BE ACCOMPANIED BY A PHOTOSTATIC OR CERTIFIED COPY OF THE CONTRACT OF SALE, AND A SWORN AFFIDAVIT BY THE EXPORTER AS TO THE AMOUNT PREVIOUSLY EXPORTED AGAINST THE CONTRACT. ALSO THE EXPORTER MUST FILE WITH HIS FIRST LICENSE APPLICATION UNDER THIS SYSTEM, A REPORT DETAILING ALL OF HIS UNSHIPED CONTRACTS ENTERED INTO ON OR BEFORE JUNE 13 CALLING FOR DELIVERY TO FOREIGN FIRMS.

THE DEPARTMENT'S OFFICE OF EXPORT CONTROL, LOCATED IN THE BUREAU OF EAST- WEST TRADE WILL VERIFY THE AUTHENTICITY OF THE APPLICATION AND SUPPORTING DOCUMENTATION AND WILL ISSUE A LICENSE FOR 50 PERCENT OF THE UNSHIPED BALANCE IN THE CASE OF SOYBEANS AND 40 PERCENT IN THE CASE OF SOYBEAN OIL- CAKES AND MEAL.

AN EXPORTER WHO HOLDS AN OUTSTANDING CONTRACT FOR THE DELIVERY TO A FOREIGN FIRM OF EITHER COTTONSEED OR COTTONSEED OIL- CAKES AND MEAL THAT WAS ACCEPTED ON OR BEFORE JUNE 13, 1973 AND THAT CALLS FOR DELIVERY DURING THIS CROP YEAR (WHICH ENDS ON JULY 31 FOR COTTONSEED AND ON SEPTEMBER 30 FOR COTTONSEED OIL- CAKES AND MEAL) MAY FILE FOR AN EXPORT LICENSE IN THE SAME MANNER AS FOR SOYBEANS AND SOYBEAN OIL- CAKES AND MEAL. LICENSES ISSUED IN THESE CASES, HOWEVER, WILL BE FOR UNCLASSIFIED

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100 PERCENT OF THE UNSHIPED BALANCE OF THE CONTRACT QUANTITY. THESE LICENSES WILL EXPIRE ON AUGUST 15 IN THE CASE OF COTTONSEED AND ON OCTOBER 15 IN THE CASE OF COTTONSEED OIL- CAKES AND MEAL.

A LICENSE ISSUED UNDER THIS SYSTEM WILL BE NON- TRANSFERRABLE AND EXPORTS WILL BE PERMITTED ONLY IN COMPLETE OR PARTIAL FULFILLMENT OF THE CONTRACT AGAINST WHICH THE LICENSE WAS ISSUED. IF THE CONTRACT IS CANCELLED THE LICENSE IS AUTOMATICALLY REVOKED AND MUST BE RETURNED TO THE OFFICE OF EXPORT CONTROL FOR CANCELLATION. ACCORDINGLY, AN EXPORTER IS NOT PERMITTED TO SHIP AGAINST A LICENSE ISSUED UNDER THIS SYSTEM UNTIL HE HAS OBTAINED AN AFFIDAVIT FROM THE FOREIGN BUYER

THAT HE WILL ACCEPT DELIVERY, UNDER THE CONTRACT, OF
THE QUANTITY LICENSED FOR EXPORT.

SHIPPING TOLERANCES FOR COMMODITIES LICENSED UNDER
THIS SYSTEM WILL BE AS FOLLOWS:

SOYBEANS AND COTTONSEED 5 PERCENT

OIL- CAKES AND MEAL 2 1/2 PERCENT

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